TOWN OF GROTON FINANCE COMMITTEE

Monday, December 7th, 2015, Selectmen's Meeting Rm

Groton Town Hall, 173 Main St. Groton, MA, 6:30 p.m.

Meeting held jointly with the Board of Selectmen

Present for Finance Committee: R. Hargraves (Vice Chair), G. Green (Chair), B. Robertson, B. Pease, M. Bacon, Art Prest, D. Manugian, P. DuFresne (Town Accountant, Recording)

Present for the Board of Selectmen: J. Degen, A. Eliot, J. Petropoulos, S. Schulman

Absent: None

Also Present: M. Haddad (Town Manager), Dawn Dunbar (Executive Assistant), Alison Manugian (School Committee Chair)

Documents available at the meeting: Town Manager’s Operating Budget Comp. FY16 vs FY17
Town Manager’s FY15 through FY17 Budget Comparison Doc.
COA Reserve Fund Transfer Request

Mr. Green called the Finance Committee meeting to order at 6:45 p.m.

Town Manager's Preliminary FY17 Budget Presentation - Mr. Haddad distributed preliminary budget summary documents that indicate a municipal growth factor of 2.2% over FY16. He explained that he and his Finance Team had met with all the Town Department Heads and then crafted the budget with this specific target in mind (as previously directed by the BOS and the Finance Committee). Mr. Haddad stressed that while this budget holds growth to 2.2% over FY16 (an increase of $319,827), any reduction in services is limited to Town Hall and is manageable. The significant budget drivers for FY17 are:

- Elimination of one full time position in the Assessor’s Office ($36,000).
- Temporary reclass of $27,000 BOS expense back to Sewer Enterprise for Pepperell SRF Debt.
- Addition of one full time DPW custodian, to be partially funded by GELD.
- Increase in Sunday Library hours which will reduce Town’s book/materials contribution requirement.
- Debt service will decrease 7.29% in FY17 provided the Town rolls the current BANs and delays permanent borrowing until FY19. At that time a scheduled reduction in the County Retirement assessment will be used to offset the debt service increase. The new permanent bond issue can then be serviced within the levy.
- Employee benefits will increase 6.83% due to a projected 10% increase in Health Insurance and 5% increase in the County Retirement assessment.

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School District Budget Estimate — Mr. Haddad explained that the school debt figures are not expected to change significantly, but he will update this information as soon as it is received from the school business office. He informed the group that the Tri-Board had met on November 30th, and received the latest budget information from the School Superintendent. Per Dr. Rodriguez, GDRSD will require a $1 million increase for FY17 simply to maintain their current services. Based on enrollment figures, Groton is responsible for 77.61% of this or $776,100 (an increase of 4.54% over FY16). Mr. Haddad said that this need can be met within the levy. The Town has received information that enrollment at the Nashoba Valley Technical High School has decreased, therefore no specific budget numbers are yet available for that district. Mr. Haddad does not expect to see a major increase over FY16. The initial estimate of the overall Town budget (including both municipal and education spending) is expected to be up 3.33%.

Mr. Haddad informed the group that based on the School Superintendent’s “Needs Analysis” report, the school committee may in fact recommend an increase to their budget of $3.5 million. Should such a budget be certified, the Town of Groton would need to appropriate an additional $1.9 million which would necessitate voting a tax override for FY17. The estimated tax rate of $13.35 (without an override) for FY17 may be reduced slightly should Free Cash be used to offset the tax rate. An override of $1.9 million would add approximately $1.24 to that tax rate. Mr. Haddad explained that the Assessors are doing a full valuation in FY17; those values will be available in the fall. If the overall town value increases, the tax rate would decrease, but individual tax bills will most likely still be higher due to the upturn in property values. Mr. Hargraves noted that hypothetically, if spending does not change year to year, when values go up the tax rate drops and the bills do not change at all.

Mr. Schulman was concerned that taxpayers voting for such a significant override in FY17 may be faced with another override request to support the school district in FY18. Mr. Haddad agreed that this is a valid concern as the School District has not included any technology or capital costs in their current needs assessment. He added that budgeting the extra million for FY17 will give them a bit of a boost for ongoing years as they will be building on a larger budget to begin with. Mr. Degen remarked that selling an override of this magnitude will be difficult. He agreed with Mr. Schulman that the taxpayers would not appreciate being faced with overrides two years in a row.

A brief discussion ensued regarding the plan to delay permanent bonding for the Lost Lake Fire Protection and Public Safety Radio projects until FY19. Mr. Haddad mentioned that the final bond issue proposed for FY18 will include a new Fire Department ladder truck (to replace current ladder truck and Engine 2). Mr. Degen would like to discuss the possibility of cross-training staff members at Town Hall in order to avoid replacing employees who retire. On the whole, he felt that this was a very thorough preliminary budget presentation. Mr. Petropoulos asked Ms. Manugian whether she felt that the school would need a 4.54% increase year over year in order to maintain the current level of service. Ms. Manugian said that given the level at which personnel costs increase, that figure is approximately correct. She added that the school committee is committed to working with the member Towns, and that while they do recognize that this request represents a financial challenge, they still must communicate their fiscal needs. She reminded the group that their current needs assessment does not include an increase for technology needs, capital costs or programming growth. Mr. Petropoulos noted that 50% of the Town budget will then grow by 4.5% per year while revenue growth remains limited to 3%. Mr. Degen said that using a budget increment of 2.5% for projections and planning is arbitrary and does not reflect reality. Budget
projection procedures must improve going forward. Mr. Petropoulos asked whether the local option meals tax revenue estimate could be increased. Mr. Haddad said that it was too early at this point to do so, as we have not yet completed a full fiscal cycle for this revenue category. Mr. Petropoulos suggested that any significant increase in meals tax revenue could be set aside for OPEB funding. He asked whether the increased use of EMS receipts was sustainable. Mr. Haddad replied that even with the planned purchase of a new ambulance in FY20, the fund balance remains healthy. Using that fund to support wages for additional firefighters, however, would place undue stress on that fund balance.

Mr. Robertson said that he would like to see the spending for the FY17 budget broken down into four major categories (Schools, Wages/Benefits, Debt, Other). He feels that this analysis will identify crucial growth rates and will be a useful tool for sustainability discussions. Mr. Haddad asked the group to confirm that he should move forward with preparing a final FY17 budget based on 2.2% growth. The selectmen agreed that he should prepare the final budget based on the current presentation. The majority of the Finance Committee agreed with this plan, however, Mr. Pease would prefer that the Land Use Director/Town Planner position (to be vacated in February) not be filled. He feels the Town would be better served by dispersing the responsibilities of this Department Head amongst other Town Hall employees. Mr. Haddad replied that while he respected Mr. Pease’s thoughts on this matter, he feels that this position is critical to providing necessary services to taxpayers and should be filled.

At this point in the meeting (8:40 pm) the Finance Committee and Ms. Manugian (School Committee Chair) relocated to the 1st Floor Conference Room to continue their discussion of the preliminary budget plan.

GDRSD Agreement Review Update: Mr. Pease informed the group that the committee had re-aligned the voting structure so that each Groton member receives 1.25 votes and each Dunstable member receives 1 vote. The committee has recently discussed finding creative ways to re-balance the assessment to the member Towns without dissolving the agreement. He reported that other districts have simply requested that one or more Towns pay more than their share (as determined by the established formula) provided that the request is not egregious and that no one Town is determined to be “taking advantage” of another. He envisions some resistance to this sort of solution. However, if Dunstable simply cannot afford to support the district’s needs, this may be worth consideration. He added that such a plan may be adopted for a limited period of time, should all parties agree to this. Mr. Hargreaves asked whether such a realignment of the agreement must be the subject of a ballot vote. Ms. Manugian replied that only the Board of Selectmen and D55 need approve this type of change. Mr. Hargreaves sees no reason to entertain such a notion; he is not convinced that Dunstable cannot meet their share of the assessment, and does not see the advantage to the Town of Groton of adopting such a plan. Mr. Green added that if there was a particular project that Groton was proposing, perhaps the cost of only that project could be weighted more heavily to Groton’s assessment, but otherwise he does not feel that the Finance Committee should support this strategy. Mr. Robertson agrees that this plan is not a sound one. If the school district is improved, then both towns in the district will see property values increased. Why should Groton pay disproportionately to improve Dunstable’s property values? Ms. Manugian said that Dunstable’s reluctance to fund the schools’ needs does in fact hold the district back from achieving its highest potential. If Groton was willing to pay more than its mandated share, the district’s performance would improve; Groton would receive some of the benefit from that, if not full value. Mr. Green noted that should the district be compelled to decide the budget via a “Super Town Meeting,” this would be contentious enough without adding the issue of asking Groton to pay more than its share. Ms. Manugian
replied that de-regionalization would in fact be even more expensive. Maintaining the current district while subsidizing Dunstable’s assessment would be less expensive for Groton and would boost the school’s value. Mr. Hargreaves added that having a Super Town Meeting to decide an override issue would fracture the relationships between the municipalities and the school district as well as between Groton and Dunstable. Mr. Pease said that if Groton lost the use of Swallow Union, there would be insufficient space in the Groton school buildings to meet the needs of the students. Mr. Pease would like to explore some other assessment re-structuring ideas such as entering into a “tuitioning” agreement with Dunstable. He added that there are a number of political challenges and preconceived notions to overcome. Mr. Hargreaves and Mr. Green said they would not be in favor of restructuring the assessment formula based on what they have heard so far; they recommend taking a firm position against this action. Mr. Bacon said he would like to see a better justification from Dunstable regarding why Groton should bear a higher proportion of the assessment burden. The remaining Finance Committee members generally agreed with this position. Ms. Manugian said that Dunstable will be particularly challenged (with only 1,000 households) to sustain school services at the current level. Ms. Manugian reminded the group that there will be a price to pay for taking an inflexible position with regards to the assessment formula. Groton historically does not approve overrides readily, and it will be even less likely to approve one that forces a significant tax increase on another community. The current needs assessment does not include any accommodation for vision (programming enhancements), capital expenditures, technology needs or OPEB funding. Mr. Green would like to see how the override situation develops; should an override vote fail, he believes that it is unlikely that the Towns will choose to de-regionalize. He asked whether a multi-year budget forecast for the school district was yet available. Ms. Manugian replied that this is in process, however it includes many assumptions at this point. Mr. Green was concerned about asking the towns to vote an override of this magnitude without presenting any information about future needs. Ms. Manugian agreed that this is a quandary, however, if the current needs assessment alone gets the district to $3.5 million, and OPEB will require another $1.5 million, it seemed necessary to get the process of correcting the budget started. Mr. Green asked about the level of spending per pupil in GDRSD. Ms. Manugian replied that spending per pupil is dramatically lower than in the “best in class” districts. However, some of those districts request an override annually and some are not regional districts. Mr. Pease noted that GDRSD does not come close to spending what the Neshobe Tech. district does per pupil; he would like to see that gap closed. Ms. Manugian left the meeting at 8:20 pm.

Charter Review Update — Mr. Robertson informed the group that the Charter Review Committee has discussed and approved most of the Finance Committee issues that were submitted. These included: the requests for the FinCom to collaborate on budget goals with the finance team, annual review of financial policies and codifying the budget. The CRC approved the Roles & Responsibilities of the FinCom as submitted although contract negotiation received some discussion. Mr. Robertson felt that a request to allow the FinCom to ratify union contracts would not have been approved had it been submitted. The change in appointment method (adoption of a Troika) was accepted on a 4-3 vote. There was a feeling that the Finance Committee Chairman should not get a vote on his/her own membership. There is still an open issue of whether budget items greater than $1 million should be voted by ballot. It is already known that this is illegal, but may take additional discussion to resolve. Mr. Robertson felt that based on the recent CRC votes, the Finance Committee will be well-positioned going forward. He cautioned the members that some of these CRC recommendations are likely to be debated at Town Meeting. Mr. Manugian wondered what repercussions occur should the Town not meet any requirements spelled out...
in the Charter document. Mr. Green replied that there are no penalties as such and Mr. Robertson added that the Charter represents guidance that can be used as a tool to keep the Town on track.

**FY17 Budget Goals** – Mr. Robertson reiterated that he would like to see a breakdown of spending into the major categories that had proven useful before the Fall Town Meeting. While the 2.2% goal has been achieved on paper, spending levels will look different once that analysis is done. Sustainability concerns can be more easily addressed once salary & benefits trends are identified over a three-year projection. Mr. Green mentioned that debt service should remain at a fixed percent of municipal spending or capital purchases should be increased. He noted that it may be necessary to reduce operating expenses to support major infrastructure needs. Mr. Green added that this should be a relatively straight-forward budget process, although there is likely to be debate on school issues and the new custodial position proposed for the DPW. He wondered whether it would be useful to ask the BOS to charge a committee with researching ways to reduce benefits growth. He suggested that this committee could include a FinCom member, a Personnel Board member, the H.R. Director and a couple of citizens with expertise in this area. Mr. Pease offered to craft such a request to the BOS for review at the next FinCom meeting.

**Approval of Meeting Minutes**

On a motion by Mr. Pease, seconded by Mr. Robertson, the Finance Committee unanimously approved the meeting minutes of November 2nd, 2015. The Vote: 7-0-0

On a motion by Mr. Hargraves, seconded by Mr. Prest, the Finance Committee unanimously approved the meeting minutes of Oct. 13th, 2015; September 29th, 2015; and October 19th, 2015. The Vote: 7-0-0

*Reserve Fund Transfer Request for COA* - Ms. Dufresne explained that the Council on Aging required a new dishwasher as the current model does not meet health department regulations. The group briefly discussed applicable state procurement procedures. Mr. Hargraves was skeptical that the COA truly needed a commercial grade dishwasher, but Mr. Green was of the opinion that the Department Heads could be trusted to know what equipment is required for their operations.

On a motion by Mr. Hargraves, seconded by Mr. Manugian, the Finance Committee voted unanimously to approve a Reserve Fund transfer in the amount of $3,400 to the Council on Aging General Expense Budget for FY16. The Vote: 7-0-0

Mr. Prest noted that the Town and more specifically the Finance Committee tend to spend their energy trying to control costs. He would like to help shift this focus toward generating revenue. To this end, he will be working with the Economic Development Committee to explore possible new revenue opportunities through development projects such as the proposed Indian Hill Music Center.

*Mr. Green officially adjourned the meeting at 8:50 p.m.*

Respectfully submitted,

Patricia Dufresne, Recording Secretary

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FinCom Meeting Minutes 12/07/2015
REQUEST FOR TRANSFER FROM THE RESERVE FUND

(To be submitted in triplicate)

Date 12-1-73

Advisory Board
Town of Groton

Gentlemen;

Request is hereby made for the following transfer from the Reserve Fund in accordance with Chapter 40, Section 6, of the Massachusetts General Laws:

1. Amount requested: $3,400.00
2. To be transferred to: COA General Exp.
(give name of appropriation)
3. Present balance in said appropriation: $4,223.36
4. The amount requested will be used for (give specific purpose):
   Purchase of new dish washer

5. This expenditure is extraordinary and/or unforeseen for the following reasons:
   Current dishwasher failed. Bow
   Inspection does not heat to 180°

   [Signature]
   Officer or Department Head

Action of Advisory Board

Date of Meeting 12/11/73, Number Present and Voting 7
Transfer voted in the sum of $3,400...
Transfer disapproved...

[Signature]
Chairman Advisory Board

Request must be made and transfer voted before any expenditure in excess of appropriation is incurred.
Jet-Tech X-33 Low-Temp Undercounter Dishwasher

Item #: X-33

Your Price: $3,194.95
Regular Price: $3,618.10

**IMPORTANT**: To activate this discount please add the item to your cart and enter the following coupon code: MPMVT-1-X-33

Please note this code can only be used one time and is only valid for today.

If you would like to view this item on our website to add it to your shopping cart, Click here!

IF YOU PREFER THAT WE CALL YOU WITH FURTHER INFORMATION ON THIS PRODUCT, PLEASE REPLY TO THIS EMAIL AND TELL US YOUR NAME AND YOUR PHONE NUMBER, THANKS!

Thank you for your patronage!
- theRDstore.com
## Expenditures by Major Categories

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<thead>
<tr>
<th>Category</th>
<th>Appropriated FY 2015</th>
<th>Appropriated FY 2016</th>
<th>Dollar Increase</th>
<th>Percentage Increase</th>
<th>Proposed FY 2017</th>
<th>Dollar Increase</th>
<th>Percentage Increase</th>
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<tbody>
<tr>
<td>Regional Schools</td>
<td>$16,328,790</td>
<td>$18,862,805</td>
<td>$2,534,015</td>
<td>15.4%</td>
<td>$19,511,740</td>
<td>$748,935</td>
<td>3.87%</td>
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<td>Municipal Wages</td>
<td>$6,481,067</td>
<td>$6,820,119</td>
<td>$339,052</td>
<td>5.2%</td>
<td>$7,080,988</td>
<td>$260,869</td>
<td>3.82%</td>
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<td>Employee Benefits</td>
<td>$3,123,724</td>
<td>$3,507,389</td>
<td>$383,665</td>
<td>12.3%</td>
<td>$3,746,884</td>
<td>$239,495</td>
<td>6.3%</td>
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<td>Debt Service</td>
<td>$1,308,721</td>
<td>$1,383,590</td>
<td>$74,869</td>
<td>5.7%</td>
<td>$1,282,713</td>
<td>(100,877)</td>
<td>-7.29%</td>
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<td><strong>Sub-Total</strong></td>
<td>$29,252,290</td>
<td>$30,573,508</td>
<td>$1,320,618</td>
<td>4.5%</td>
<td>$31,722,325</td>
<td>$1,148,272</td>
<td>3.7%</td>
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<td><strong>Other</strong>*</td>
<td>$2,937,390</td>
<td>$2,806,427</td>
<td>(130,963)</td>
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<td>$2,723,767</td>
<td>(79,660)</td>
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<td><strong>Total</strong></td>
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<td>$33,379,935</td>
<td>$1,190,255</td>
<td>3.7%</td>
<td>$34,446,092</td>
<td>$1,068,767</td>
<td>3.2%</td>
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### Breakdown of "Other" Expenses

- Municipal Building/Property Maint. $287,350
- General Highway/Road Maintenance $229,300
- Police General Expenses/Minor Cap $216,647
- Library General Expenses $199,842
- Snow & Ice Gen Exp/Hired Equip $200,000
- Insurance & Bonding $227,000
- Reserve Fund $150,000
- Fire General Expenses $168,000
- Tipping Fees $130,000
- Country Club General Expenses $123,789
- Miscellaneous Other Expenses $794,039

**Total** $2,726,767